

Project Name: Paradise Apartments  
Project Number: 062-35382  
Location: Madison, Alabama

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROPERTY DISPOSITION PROGRAM

CONTRACT OF SALE

THIS CONTRACT, made this 29<sup>th</sup> day of September, 2009, is between the SECRETARY OF HOUSING AND URBAN DEVELOPMENT, ("Seller" or "Grantor"), and City of Madison, ("Purchaser" or "Grantee").

1. PURCHASE AND SALE

In consideration of the covenants and agreements of the respective parties, as hereinafter set forth, Grantor agrees to sell and Grantee agrees to purchase all of Grantor's right, title and interest in and to the real estate situated in the City of Madison, County of Madison, State of Alabama, and more particularly described in the attached Exhibit entitled "Property Description," together with all improvements thereon and appurtenances thereto and the articles of equipment and other personal property owned by Grantor and used in connection therewith, hereinafter referred to as the "Property".

2. PURCHASE PRICE

- a. The purchase price of the Property is \$1.00 (One dollar) to be paid at Closing.
- b. Unless payment and performance bonds are provided to the Grantor in accordance with the Rider entitled "Post-Closing Repair Requirements", Purchaser shall provide at Closing a \$283,487 unconditional, irrevocable and non-documentary letter of credit (LC) satisfactory to Grantor, to assure completion of the rehabilitation

required by the Rider entitled "Rehabilitation and Relocation."

- c. If the Grantee is unable to provide an LC satisfactory to the Grantor or a performance bond pursuant to the terms of Rider 4 attached hereto, Grantee shall provide Grantor with a No Warranty Deed that will be in effect Until the earlier of (1) Grantee's submission of a Performance bond or LC or (2) the satisfactory completion of required repairs.

3. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION

- a. The sale shall be effective upon Closing.
- b. Purchaser shall pay all closing costs and expenses, irrespective of local custom.
- c. Transfer of title to and possession of the Property shall become effective as of the Closing.

4. PRORATIONS

As between Grantor and Grantee, with the exception of real estate taxes prepaid by Grantor, if any, there will be no prorations of any type at Closing including, but not limited to, income, expenses, real estate taxes, water & sewer charges, etc., whether collected or uncollected, paid or unpaid. In addition, Seller assumes no liability for any liens, whether known or unknown, or expenses incurred but not billed or received as of the day of closing.

5. FORM OF CONVEYANCE, INSPECTION, OBJECTIONS TO TITLE AND RIGHTS OF RESCISSION

- a. The Property shall be conveyed to the Purchaser by quitclaim Deed in the form customarily used by Grantor in the jurisdiction in which the Property is located. Title to the Property shall be good and marketable subject to existing tenancies, easements, zoning, covenants, restrictions and reservations of record. However, Grantor shall not warrant those items deemed acceptable to Purchaser pursuant to subsection(e)below.

Purchaser does notify the Grantor in writing of any alleged defects within twenty-one (21) days after execution of this Contract by Grantor, only those items in the notification will be addressed by Grantor. All other title matters will be deemed acceptable to Purchaser.

- f. At closing Grantor shall deliver to Purchaser a duly executed deed conveying Grantor's right, title and interest in the Property which Purchaser immediately will present for recordation in the appropriate recorder's office.

6. AS-IS SALE; NO REPRESENTATIONS

- a. Purchaser shall accept the Property "as is." Grantor makes no representations or warranties concerning the physical condition of the Property. In addition, Grantor does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property. It is Purchaser's responsibility to assess the actual condition of the Property.
- b. Purchaser acknowledges that the purchase price set forth in Section 2 of this Contract is based on Purchaser's valuation of the Project and not upon any representations by Grantor. Purchaser's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of Grantor under this Contract, nor be a basis for termination of this Contract.

7. RISK OF LOSS AND RIGHTS OF RESCISSION

Until the Closing, Grantor assumes the risk of loss from damage to the Property by any cause (including but not limited to fire, flood, earthquake, tornado and vandalism) other than willful acts of Purchaser, and in the event of such damage will provide for the restoration of the Property to its condition immediately prior thereto, except that, if Grantor determines that such damage is so extensive that Grantor is unwilling to so restore the Property, Grantor may rescind this Contract. The sending of the notice of

rescission shall release Grantor from any and all claims by Purchaser arising under this Contract. If offered by Grantor and agreed to by Purchaser, the cash due at Closing may be reduced by the estimated cost of restoration of the Property because of such damage.

Such damage shall be added to the rehabilitation requirements provided for in the Rider entitled "Rehabilitation and Relocation."

8. TIME IS OF THE ESSENCE

Time is of the essence in the performance of this Contract. The sale shall be closed at Grantor's offices within 60 days of the date of this Contract, or at such other time or place as may be agreed on by the parties and in writing by Grantor. If closing does not occur within the agreed upon deadline, this Contract is null and void.

9. PURCHASER RESTRICTIONS

- a. No Member of/or Delegate to Congress, or resident commissioner or local elected official, shall be admitted to any share or part of this Contract, or to any benefit arising from it. However, this provision does not apply to this Contract to the extent that this Contract is made with a corporation for the corporation's general benefit.
- b. If Purchaser is or becomes suspended, debarred or temporarily denied from participating in HUD programs prior to closing, this Contract shall be terminated.
- c. Pursuant to 24 CFR Part 27 Section 20 (f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the mortgage on the property at the time of the default resulting in acquisition of the property by HUD shall not be eligible to purchase the property. A "principal" and an "affiliate" are defined as provided at 24 CFR 24.105.

10. CONTRACT BINDING - RESTRICTIONS ON ASSIGNMENT OF CONTRACT

This Contract shall be binding upon Purchaser, its respective heirs, executors, administrators and successors and shall not be assigned to any third party.

# 11. LIMITATION OF LIABILITY

Notwithstanding any other provisions of this Contract, Grantor's liability for damage to the Property or for any breach of this Contract shall not exceed the amount of funds paid by Purchaser to Grantor hereunder.

# 12. CONTRACT EXECUTION

If this Contract is executed on behalf of a corporation, partnership or other entity not as yet legally formed, such corporation, partnership or entity must be validly organized and legally capable of performing its obligations under this Contract prior to the Closing.

# 13. FORMS

All forms and instruments referred to in this Contract shall be the standard HUD forms and instruments prepared by Grantor and used by Grantor in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by this Contract, Prospectus and/or Request for Proposals.

# 14. ACKNOWLEDGMENT OF TERMS AND CONDITIONS OF SALE

Purchaser affirms that it has full knowledge of the terms, conditions, and requirements contained in this Contract.

# 15. COMPLETE AGREEMENT

This Contract supersedes all prior agreements and understandings related to the subject matter hereof, and may be changed, waived, discharged or terminated only by a written document, signed by the party against whom such change, waiver, discharge or termination is sought, except as otherwise provided herein.

# 16. AGREEMENT BECOMING VOID

This Agreement shall become void in the event that Section 237 of the Omnibus Appropriations Act of 2009, which allows HUD to take into account the cost of repairs in determining the market value of multifamily real property or multifamily loans in a noncompetitive sale to a State or

local government, ceases to exist, provided there is no other authority that would allow the sale to go forward under the terms and conditions set forth herein.

17. GENDER AND NUMBER

Whenever the sense of this Contract so requires, the use of (1) the singular shall be deemed to include the plural, (2) the masculine gender shall be deemed to include the feminine or neuter gender, and (3) the neuter gender shall be deemed to include the masculine or feminine gender.

18. SEVERABILITY

If for any reason one or more of the provisions contained in this Contract shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Contract, but this Contract shall be construed as if such invalid, illegal or unenforceable provision never had been included in this Contract.

19. NOTICE

Any notice, request, information or other document to be given hereunder to any of the parties by any other party, shall be in writing and delivered personally or sent by an overnight or express mail service, with a return receipt, postage prepaid to the person and address set forth below. Any party may change the person or address to which notices are to be sent to it by giving written notice of such change to the other party in the manner herein provided for giving notice. The person, address and telephone number for the Department of Housing and Urban Development are William H. Melvin, Director, Atlanta Multifamily Property Disposition Center, U. S. Department of Housing and Urban Development, Five Points Plaza, 40 Marietta Street, Atlanta, GA 30303-2860, Telephone (678)732-2187.

The person, address and telephone number for the Purchaser are as provided below Purchaser's signature on this Contract.

## 20. EXHIBITS

All exhibits described herein and attached hereto are fully incorporated into this Contract by this reference.

## 21. PARAGRAPH HEADINGS

The paragraph headings contained in this Contract are for convenience only and shall in no way enlarge or limit the scope of the paragraphs hereof.

## 22. MISCELLANEOUS PROVISIONS

- a. When the consent or approval of either party is required under the terms of this Contract, such consent or approval must be in writing.
- b. Purchaser agrees that any restrictions to be placed in the Deed referred to in this Contract will run with the land.
- c. Whenever a number of days is referred to in this Contract, days shall mean calendar days. If any period of time expires on a non-Federal business day, Purchaser or Grantor shall have until the close of business of the next Federal business day to take whatever action is to be taken within the time period.

## 23. RIDERS TO THIS CONTRACT

The Riders checked and initialed by the parties are attached to and incorporated into this Contract and will be placed in the Deed to run with the land.

- [X] Enforcement
- [X] Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
- [X] Affordability of Units
- [X] Post-Closing Repair Escrow Requirements
- [X] Relocation
- [X] Right of First Refusal
- [X] Asbestos Hazards
- [X] Conveyance to a Non-Public Entity
- [X] Equity Participation (Other than Homeownership)
- ~~[X] Chronically Homeless~~

[X] Redevelopment Plan



IN WITNESS WHEREOF:

The Purchaser has executed this Contract in triplicate the 29<sup>th</sup>  
day of September, 2009.

WITNESS:

Tayl Edwards  
Kim Lindsey

City of Madison, Alabama  
Purchaser  
By Paul Finley  
Signature  
Paul Finley  
Typed Name of Signatory

Mayor  
Title of Signatory

100 Hughes Rd  
Address

Madison, AL 35758

(256) 772-5603  
Telephone Number

Grantor has executed this Contract in triplicate this 30<sup>th</sup> day  
of September, 2009.  
(This line to be executed by Grantor)

WITNESS:

[Signature]  
Ima H. Strong

SECRETARY OF HOUSING AND URBAN  
DEVELOPMENT

By William H. Melvin  
William H. Melvin  
Director  
Atlanta Multifamily Property  
Disposition Center



## LIST OF EXHIBITS

1. Property Description
2. Wire Transfer Instructions
3. Repair Requirements

**EXHIBIT 1**  
**TO THE CONTRACT OF SALE**

**Legal Description**

All that part of the Northeast  $\frac{1}{4}$  of Section 5, Township 4 South, Range 2 West of the Huntsville Meridian, City of Madison, Madison County, Alabama; more particularly described as beginning at an iron pin on the West margin of Wall-Triana Highway, said point of beginning is further described as being located South 44 deg. 42 min. 54 sec. West, 42.94 feet and South 0 deg. 15 min. 57 sec. West 572.0 feet from the Northeast corner of Section 5, Township 4 South, Range 2 West; thence from the point of beginning run South 0 deg. 15 min. 57 sec. West along the West margin of Wall-Triana Highway for 500.00 feet; thence run South 89 deg. 9 min. 48 sec. West for 390.00 feet; thence run North 00 deg. 15 min. 57 sec. East for 500.00 feet; thence run North 89 deg. 9 min. 48 sec. East for 390.00 feet to the point of beginning; being situated in Madison County, Alabama.

**EXHIBIT 2**  
**TO THE CONTRACT OF SALE**

**WIRE TRANSFER INSTRUCTIONS**

**INSTRUCTIONS FOR COMPLETING A REQUEST TO TRANSFER FUNDS BY WIRE**

- ITEM 1 - RECEIVER-DFI#: The Treasury Department's ABA number for deposit message is 021030004. This number should be entered by the sending bank for all deposit messages sent to the Treasury.
  
- ITEM 2 - TYPE-SUBTYPE-CD: The type and subtype code will be provided by the sending bank.
  
- ITEM 3 - SENDER-DFI#: This number will be provided by the sending bank.
  
- ITEM 4 - SENDING-REF#: The sixteen character reference number is inserted by the sending bank at its option.
  
- ITEM 5 - AMOUNT: The transfer amount must be punctuated with commas and decimal points; use of the "\$" is optional. This item will be provided by the depositor.
  
- ITEM 6 - SENDER-DFI-NAME: This information is automatically inserted by the Federal Reserve Bank.
  
- ITEM 7 - RECEIVER-DFI-NAME: The Treasury Department's name for deposit messages is "TREAS NYC". This name should be entered by the sending bank.
  
- ITEM 8 - PRODUCT CODE: - A product code of "CTR" for customer transfer should be the first data in the RECEIVER - TEXT field. Other values may be entered, if appropriate, using the ABA's options. A slash must be entered after the product code.
  
- ITEM 9 - AGENCY LOCATION CODE: THIS ITEM IS OF CRITICAL IMPORTANCE. IT MUST APPEAR ON THE FUNDS TRANSFER DEPOSIT MESSAGE IN THE PRECISE MANNER AS STATED TO ALLOW FOR THE AUTOMATED PROCESSING AND CLASSIFICATION

OF THE FUNDS TRANSFER MESSAGE TO THE AGENCY LOCATION CODE OF THE APPROPRIATE AGENCY. The agency's unique code must be specified in the funds transfer message in order for the funds to be correctly classified to the respective agency. The ALC identification sequence includes the beneficiary code field tag, BNF=, and identifier code, "/AC-", followed by the appropriate ALC number. This component must be in the following format:

BNF=/AC-86090300

The ALC identification sequence can, if necessary, begin on one line and end on the next line; however, the field tag "BNF=" must be one line and cannot contain any spaces.

ITEM 10 - THIRD PARTY INFORMATION: This contains the appropriate information to identify the reason for the funds transfer. The Originator to Beneficiary Information field tag "OBI=" is used to signify the beginning of the free-form third party text. The field tag "OBI=" must be on the same line and cannot contain any spaces. The field tag is placed following the ALC identification sequence and preceded by a space. An example of this data line is as follows:

BNF=/AC-86090300 OBI=

Wire Transfer Deposit Message Format

(1)			
021030004		(2)	
(3)		(4)	(5)
(6)			
(7)	(8)		
TREAS NYC/CTR/			
(9)	(10)		
BNF=/AC-86090300 OBI=			
Multifamily Project No.		Account 86X4072	
		Property Management System (PMS)	
Remitter		(202) 708-2510	

NOTE: Items 1, 7, 8, 9, and 10 must be completed as shown above

**EXHIBIT 3****POST CLOSING REPAIR REQUIREMENTS**

**NOTE: All work required to make 5% of the units accessible must be in accordance with the Uniform Federal Accessibility Standards!**

**Post-Closing Repair Requirements**U.S. Department of Housing and Urban Development  
Office of Housing Multifamily Sales Program

Project Name <b>Paradise Apartments</b>	Project Number <b>FHA Case No.: 062-35382</b>	Location <b>Madison, Alabama</b>
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The Purchaser must repair the property to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale Acknowledgement by Bidder

☒ Applicable State & Local Codes ☒ Housing Quality Standards (HQS) as set forth in CFR 886, Subpart C ☐ Additional repairs required by HUD

HUD will monitor repairs to assure compliance. Repairs shall be considered completed only after: (1) Purchaser provides written Certification that repairs are completed; (2) Purchaser requests final inspection by HUD, and, (3) HUD verifies in writing completion and compliance with the requirements stated herein

Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in this form's exhibits. Unless checked as MANDATORY on this form, repairs may begin upon conveyance. For repair items listed in this form as MANDATORY, the purchaser, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this project.

The repairs listed herein represent HUD's estimate of the property's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirements other than HUD's. HUD does NOT warrant that the list is either comprehensive or sufficient. The purchaser accepts responsibility for: (1) developing his/her own repair cost estimate; (2) determining what, if any, repairs are needed in excess of those listed herein; and (3) providing funding for such repairs.

Item	Mandatory	Est. Cost	Item	Mandatory	Est. Cost
<b>Repairs to Residential Structures (including commercial areas)</b>					
1. Concrete	<input checked="" type="checkbox"/>	\$850.00	17. Wood Flooring	<input type="checkbox"/>	\$0.00
2. Masonry	<input checked="" type="checkbox"/>	\$2,000.00	18. Resilient Flooring	<input checked="" type="checkbox"/>	\$7,300.00
3. Metals	<input checked="" type="checkbox"/>	\$4,640.00	19. Painting & Decorating	<input checked="" type="checkbox"/>	\$80,500.00
4. Rough Carpentry	<input checked="" type="checkbox"/>	\$14,825.00	20. Specialties	<input checked="" type="checkbox"/>	\$3,500.00
5. Finish Carpentry	<input checked="" type="checkbox"/>	\$8,741.00	21. Special Equipment	<input type="checkbox"/>	\$0.00
6. Waterproofing	<input type="checkbox"/>	\$0.00	22. Cabinets	<input checked="" type="checkbox"/>	\$175,590.00
7. Insulation	<input checked="" type="checkbox"/>	\$14,484.00	23. Appliances	<input checked="" type="checkbox"/>	\$35,750.00
8. Roofing	<input checked="" type="checkbox"/>	\$27,200.00	24. Blinds & Shades	<input type="checkbox"/>	\$0.00
9. Sheet Metal	<input checked="" type="checkbox"/>	\$3,000.00	25. Carpets	<input checked="" type="checkbox"/>	\$8,1200.00
10. Doors	<input checked="" type="checkbox"/>	\$29,820.00	26. Special Construction	<input checked="" type="checkbox"/>	\$30,150.00
11. Windows	<input checked="" type="checkbox"/>	\$56,250.00	27. Elevators	<input type="checkbox"/>	\$0.00
12. Glass	<input type="checkbox"/>	\$0.00	28. Plumbing & Hot Water	<input checked="" type="checkbox"/>	\$110,350.00
13. Lath & Plaster	<input type="checkbox"/>	\$0.00	29. Heat & Ventilation	<input checked="" type="checkbox"/>	\$38,500.00
14. Drywall	<input checked="" type="checkbox"/>	\$6,858.50	30. Air Conditioning	<input checked="" type="checkbox"/>	\$3,1200.00
15. Tile Work	<input type="checkbox"/>	\$0.00	31. Electrical	<input checked="" type="checkbox"/>	\$37,350.00
16. Acoustical	<input type="checkbox"/>	\$0.00	<b>Residential Structures Subtotal</b>		<b>\$773,858.00</b>
<b>Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)</b>					
32. Accessory Structures	<input type="checkbox"/>	\$0.00	<b>Accessory Structures Subtotal</b>		<b>\$0.00</b>
<b>Site Work</b>					
33. Earthwork	<input checked="" type="checkbox"/>	\$1500.00	36. Site Improvements	<input checked="" type="checkbox"/>	\$50,357.00
34. Site Utilities	<input checked="" type="checkbox"/>	\$12,825.00	37. Lawns & Plantings	<input checked="" type="checkbox"/>	\$8,300.00
35. Roads & Walks	<input checked="" type="checkbox"/>	\$2,000.00	38. Unusual Site Conditions	<input type="checkbox"/>	\$0.00
			<b>Site Work Subtotal</b>		<b>\$80,812.00</b>
<b>Environmental Mitigation</b>					
39. Lead Containing Materials	<input type="checkbox"/>	\$0.00	<b>Totals</b>		<b>\$854,670.00</b>
40. Asbestos	<input checked="" type="checkbox"/>	\$3,125.00	<b>Inflation Factor (2.4%)</b>		<b>\$2,126.149</b>
41. Mold/Extermination	<input type="checkbox"/>	\$0.00	<b>Est. Total Hard Cost</b>		<b>\$856,796.149</b>
<b>Environmental Mitigation Subtotal</b>		<b>\$3,125.00</b>	<b>Contingency = Hard Cost x 10%</b>		<b>\$85,679.6149</b>
<b>Previous editions subtotal</b>			<b>Ownrd/Gen.Req=Hard cost x 15%</b>		<b>\$128,518.9223</b>
			<b>Est. Total Repair Cost</b>		<b>\$1,133,946.24</b>

Comprehensive Repair Survey - Paradise Apartments - Madison, AL - FHA Case No.: 062-35382 - Issue Date: 05/12/09

COST ESTIMATE SUMMARY								
	PARADISE APARTMENTS - MADISON, ALABAMA CONSTRUCTION ITEMS ISSUE DATE 05/12/2009 FHA CASE NO 062-35382	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	DIVISION 1 - NO ENTRY							\$0.00
	DIVISION 2 - SITEWORK							\$112,897.00
02065A*	Asbestos abatement of vinyl flooring	YES	40	SF	\$3.50	6650	\$30,275.00	
02066I*	Develop O&M plan for asbestos left in place	YES	40	LS	\$950.00	1	\$950.00	
02200E	Remove old lamp post		34	EA	\$125.00	1	\$125.00	
02201E*	Remove old asphalt play surface and grass area		35	LS	\$2,000.00	1	\$2,000.00	
02601E*	Resurface asphalt paving and restrips		36	SY	\$11.00	4217	\$46,387.00	
02730E*	Provide new cut-off valves in site water system		34	EA	\$200.00	40	\$8,000.00	
02731E*	Provide new clean-outs in sanitary sewer system		34	EA	\$300.00	15	\$4,500.00	
02800E*	Reborder and mulch play area - refurbish equipment		36	LS	\$10,000.00	1	\$10,000.00	
02800E*	Create drainage swale		33	EA	\$500.00	3	\$1,500.00	
02801E	Remove stumps		37	EA	\$200.00	4	\$800.00	
02802E*	Provide topsoil and sod at bare areas - fill voids - misc. regrading		37	LS	\$2,500.00	1	\$2,500.00	
02803E*	General landscaping allowance for new shrubs, plantings, tree trimming		37	LS	\$5,000.00	1	\$5,000.00	
	DIVISION 3 - CONCRETE							\$850.00
03301E	Replace concrete stair treads		1	EA	\$50.00	17	\$850.00	
	DIVISION 4 - MASONRY							\$2,000.00
04400E	Rebuild masonry chimney at Community Room		2	LS	\$2,000.00	1	\$2,000.00	
	DIVISION 5 - METALS							\$4,840.00
05500E*	Provide handrails at existing handicap accessible ramp to comply w/ UFAS		3	LF	\$40.00	58	\$2,320.00	
05501E	Replace metal handrails		3	LF	\$40.00	8	\$320.00	
05502E*	Provide additional handrail at exterior stairs at two-bedroom buildings		3	EA	\$250.00	8	\$2,000.00	
	DIVISION 6 - WOODS AND PLASTICS							\$21,868.00
06101I*	Provide new draftstops in attic at two-bedroom buildings	YES	4	EA	\$1,000.00	5	\$5,000.00	
06102E*	Allowance for plywood roof deck repair		4	SF	\$3.00	3200	\$9,600.00	
06103A	Replace plywood subfloor		4	SF	\$3.00	75	\$225.00	
06201E	Repair or align exterior wood porch posts		5	EA	\$100.00	2	\$200.00	
06202E	Repair front entry overhang at Units 115-118		5	LS	\$500.00	1	\$500.00	
06203E*	Repair wood soffits		5	LF	\$4.00	434	\$1,736.00	
06204E*	Repair wood fascias		5	LF	\$3.00	875	\$2,625.00	
06205E*	Repair exterior window and miscellaneous wood trim		5	LF	\$2.00	700	\$1,400.00	
06206A	Replace wood interior handrail	YES	5	LF	\$10.00	28	\$280.00	
	DIVISION 7 - THERMAL & MOISTURE PROTECTION							\$44,894.00
07200I*	Increase attic insulation		7	SF	\$0.60	24140	\$14,484.00	
07310E*	Replace shingle roofs		8	SQ	\$55.00	320	\$27,200.00	
07610E*	Repair, align, resal, and clean gutters and downspouts		9	BLDG	\$200.00	8	\$1,800.00	
07611E*	Replace/repair/repair attic ventilators		9	BLDG	\$150.00	8	\$1,200.00	
	DIVISION 8 - DOORS AND WINDOWS							\$86,070.00
08110A	Replace apartment entry doors (front and/or rear)	YES	10	EA	\$250.00	38	\$9,750.00	
08111A	Replace apartment entry door frame	YES	10	EA	\$150.00	4	\$600.00	
08112A	Repair exterior storage room doors/fascias/hardware		10	EA	\$450.00	20	\$9,000.00	
08200A	Replace interior swinging door		10	EA	\$75.00	38	\$2,925.00	
08301A*	Provide new attic access panels		10	EA	\$200.00	18	\$3,600.00	
08500A*	Replace windows and screens		11	EA	\$250.00	212	\$53,000.00	
08501I*	Replace common area windows and screens		11	EA	\$250.00	13	\$3,250.00	
08710A	Replace apartment entry door hardware (front and/or rear)	YES	10	EA	\$100.00	38	\$3,800.00	
08711A	Replace interior swinging door hardware		10	EA	\$35.00	47	\$1,645.00	
	DIVISION 9 - FINISHES							\$145,865.00
09250A*	Repair/replace gypsum board walls and ceilings in apartments		14	SF	\$8.00	712	\$5,696.00	
09251A*	Repair stipple ceiling finish		14	SF	\$0.50	1925	\$962.50	
09500A*	Replace carpet in apartments		25	SY	\$20.00	3080	\$61,600.00	
09550A*	Replace vinyl flooring in apartments	YES	18	SF	\$2.00	8650	\$17,300.00	
09900A	Paint apartment interiors		18	APT	\$1,000.00	50	\$50,000.00	
09901E*	Exterior cleaning and painting of siding and exterior wood		18	BLDG	\$2,500.00	3	\$7,500.00	
09902E*	Paint all exterior metal handrails		18	BLDG	\$600.00	5	\$3,000.00	
	DIVISION 10 - SPECIALTIES							\$3,600.00
10430E*	Provide handicap accessible parking space to comply with UFAS	YES	20	EA	\$200.00	5	\$1,000.00	
10431E*	Provide new building identification signage		20	BLDG	\$100.00	7	\$700.00	
10550E	Repair gang mailboxes		20	LS	\$300.00	1	\$300.00	
10600A	Replace medicine cabinets		20	EA	\$125.00	12	\$1,500.00	



COST ESTIMATE SUMMARY								
	PARADISE APARTMENTS - MADISON, ALABAMA CONSTRUCTION ITEMS ISSUE DATE: 05/12/2009 FHA CASE NO.: 062-35382	HEALTH AND SAFETY	FORM 9552	UNIT	PER ITEM COST	QUAN.	TOTAL COST PER ITEM	TOTAL COST PER DIVISION
	<b>DIVISION 11 - EQUIPMENT</b>							<b>\$36,780.00</b>
11450A*	Replace stove		23	EA	\$600.00	31	\$15,500.00	
11451A*	Replace refrigerator		23	EA	\$600.00	15	\$9,000.00	
11452A*	Replace rangehoods		23	EA	\$125.00	50	\$6,250.00	
11453A*	Replace garbage disposal		23	EA	\$100.00	50	\$5,000.00	
	<b>DIVISION 12 - FURNISHINGS</b>							<b>\$176,890.00</b>
12300A*	Replace kitchen base cabinets		22	LF	\$125.00	696	\$87,000.00	
12301A*	Replace kitchen wall cabinets		22	LF	\$75.00	810	\$66,750.00	
12302A*	Replace countertops		22	LF	\$40.00	696	\$27,840.00	
	<b>DIVISION 13 - SPECIAL CONSTRUCTION</b>							<b>\$39,180.00</b>
13001A*	Modify apartments for handicap accessibility to comply with UFAS		26	APT	\$4,000.00	4	\$16,000.00	
13002I*	Modify Community Room for handicap accessibility to comply with UFAS		26	LS	\$1,500.00	1	\$1,500.00	
13003I*	Modify Laundry Room for handicap accessibility to comply with UFAS		26	LS	\$2,500.00	1	\$2,500.00	
13004I*	Modify Office for handicap accessibility to comply with UFAS		26	LS	\$150.00	1	\$150.00	
13005A*	Modify apartments for the hearing and vision impaired to comply with UFAS		26	APT	\$2,000.00	1	\$2,000.00	
13006I*	General upgrades to Community Room		26	LS	\$8,000.00	1	\$8,000.00	
	<b>DIVISION 14 - CONVEYING SYSTEMS - NO ENTRY</b>							<b>\$0.00</b>
	<b>DIVISION 15 - MECHANICAL</b>							<b>\$186,080.00</b>
15001A*	Interior water line repair allowance		28	EA	\$750.00	15	\$11,250.00	
15401A*	Replace toilet		28	EA	\$250.00	15	\$3,750.00	
15402A*	Replace lavatory, vanity, and fittings		28	EA	\$800.00	64	\$36,400.00	
15403A*	Replace tub fittings		28	EA	\$250.00	42	\$10,500.00	
15404A*	Replace kitchen sink and fittings		28	EA	\$300.00	50	\$15,000.00	
15405A*	Provide water heater drain pan		28	EA	\$75.00	50	\$3,750.00	
15406A*	Replace water heater		28	EA	\$500.00	23	\$11,500.00	
15407A*	Replace water stops at plumbing fixtures		28	EA	\$100.00	222	\$22,200.00	
15750A*	Replace furnaces		29	EA	\$800.00	31	\$24,800.00	
15781I*	Replace condensing unit for Community Room		30	EA	\$1,200.00	1	\$1,200.00	
15782A*	Replace condensing unit for apartments		30	EA	\$1,200.00	25	\$30,000.00	
15783A*	Clean all ductwork and replace/clean wall and floor grilles	YES	29	APT	\$250.00	50	\$12,500.00	
15784A	Replace bath exhaust fans		29	EA	\$100.00	12	\$1,200.00	
	<b>DIVISION 16 - ELECTRICAL</b>							<b>\$37,380.00</b>
16131A*	Provide GFI receptacles in kitchens on dedicated circuits	YES	31	APT	\$300.00	50	\$15,000.00	
16132A*	Provide GFI receptacles in bathrooms on dedicated circuits	YES	31	APT	\$150.00	50	\$7,500.00	
16511E	Replace damaged exterior lights	YES	31	EA	\$75.00	10	\$750.00	
16721A*	Replace damaged, missing, or improperly installed smoke detectors	YES	31	EA	\$50.00	4	\$200.00	
16722A*	Provide additional smoke detectors in bedrooms	YES	31	EA	\$100.00	114	\$11,400.00	
16780A	Correct/modify telephone and TV cables		31	APT	\$50.00	50	\$2,500.00	
	<b>SUBTOTAL</b>							<b>\$886,895.00</b>
	<b>Inflation 2.4%</b>							<b>\$21,261.49</b>
	<b>SUBTOTAL</b>							<b>\$907,156.49</b>
	<b>O.H. &amp; Profit, A/E (15%)</b>							<b>\$136,073.85</b>
	<b>Contingency (10%)</b>							<b>\$90,715.70</b>
	<b>GRAND TOTAL</b>							<b>\$1,133,946.24</b>

NOTES FOR QUICK INTERPRETATION OF THIS WORKSHEET: E=Exterior A=Per Apartment I= Common areas (These are suffixes to construction item numbers)

When suffix E is used, the associated quantity refers to exterior items not directly associated with an individual unit.

When suffix A is used, the associated quantity refers to items associated with individual apartments.

When suffix I is used, the associated quantity refers to items associated with the common areas of the building that cannot be associated with an individual apt.

\* after the suffix indicates a corresponding remark in COST ESTIMATE REMARKS following the COST ESTIMATE SUMMARY

ABBREVIATIONS: CY = CUBIC YARD SY = SQUARE YARD SF = SQUARE FOOT LF = LINEAR FOOT LS = LUMP SUM EA = EACH HC = HANDICAP UNIT  
BLDG = BUILDING SEC = BUILDING SECTION APT = APARTMENT FLR = FLOOR

## COST ESTIMATE REMARKS

- 02065A\*** **Asbestos abatement of vinyl flooring**  
**02066I\*** **Develop O&M plan for asbestos left in place**  
The Asbestos Survey has indicated the presence of asbestos within a portion of the vinyl flooring some of which has been covered by non-asbestos containing materials. Exact quantities of asbestos flooring are difficult to determine without complete floor removal in all apartments. Any disturbance of these asbestos containing materials either intentionally or incidental to other planned improvements must be done in strict accordance with EPA, State, OSHA, and HUD regulations in effect at the time of the improvements. The property manager should ensure that maintenance personnel are aware of the existence of asbestos and are trained in the proper performance of future maintenance responsibilities until such time the asbestos is removed. An Operations and Management (O&M) Plan should be developed to manage any asbestos left in place. Refer to ASBESTOS SURVEY for additional information.
- 02201E\*** **Remove old asphalt play surface and grass area**  
**02800E\*** **Reborder and mulch play area - refurbish equipment**  
It appears that the old asphalt play surface is no longer in use. Removal and grassing of the hard surface is recommended. The existing adjacent play equipment needs updating with a new border and mulched topping. See EXHIBIT A for locations.
- 02501E\*** **Resurface asphalt paving and restripe**  
Overall the surfaces of the asphalt drives and parking have weathered well for its age; however, time has come to resurface and restripe. Minimal base repairs will be required.
- 02730E\*** **Provide new cut-off valves in site water system**  
**02731E\*** **Provide new clean-outs in sanitary sewer system**  
The entire water system has to be cut-off to make repairs in any one unit or location. New cut-offs are recommended to prevent interruption of service to all residents for a single repair. New clean-outs in the sanitary system are also needed to facilitate the removal of clogs causing a disruption of flow of solid waste.
- 02900E\*** **Create drainage swale**  
New swales are needed at selective areas to allow water run-off away from the buildings. One area exists where soil has eroded at one unit almost entering the rear door. See EXHIBIT A for locations.

- 02902E\*** **Provide topsoil and sod at bare areas - fill voids - misc. regrading**  
**02903E\*** **Gen. landscaping allow. for new shrubs, plantings, tree trimming**  
The landscaping is sparse and inconsistently placed. New bushes, shrubs, and trees are recommended to increase the eye appeal of the development. Bare areas need to be filled and grassed. Existing landscaping and trees need to be trimmed.
- 05500E\*** **Provide handrails at exist. HC access. ramp to comply w/ UFAS**  
A ramp exists between the building designated as accessible and the building housing the Office, Laundry, and Community Room. The ramp appears to be of an acceptable slope; however, rails are required on either side. See HANDICAP ACCESSIBILITY for additional information.
- 05502E\*** **Provide additional handrail at exterior stairs at two-bedrm bldgs.**  
Stairs are required to have handrails on both sides. The exterior stairs at the two-bedroom apartment buildings have a handrail on one side only. See CODE REVIEW for additional information.
- 06101I\*** **Provide new draftstops in attic at two-bedroom buildings**  
Draftstops are required over tenant separation walls in the attics. The attic areas at the three-bedroom units have the proper separation. However, a single draftstop runs parallel to the ridge line of each structure at the two-bedroom apartment buildings but does not separate the units across the breezeways from each other. New draftstops need to be provided where required. See CODE REVIEW for additional information.
- 06102E\*** **Allowance for plywood roof deck repair**  
**07310E\*** **Replace shingle roofs**  
**07611E\*** **Replace/reuse/repair attic ventilators**  
All of the shingle roofs have out lived there useful life and need to be replaced. An allowance has been provided to replace the roof deck at 10% of the roof areas requiring replacement. New ridgevents cannot be installed at the two-bedroom buildings because of the attic draftstop that runs directly beneath the ridgeline. The existing attic ventilators need to be replaced and or repaired.
- 06203E\*** **Repair wood soffits**  
**06204E\*** **Repair wood fascias**  
**06205E\*** **Repair exterior window and miscellaneous wood trim**  
Overall, the exterior wood soffits, fascias, and trim were in good condition. Selective repairs that differ from building to building will be necessary. Evidence of repairs and painting in the recent past was witnessed.

- 07200I\***      **Increase attic insulation**  
Attic insulation has settled and needs to be supplemented to provide a minimum R value of 30.
- 07610E\***      **Repair, align, renail, and clean gutters and downspouts**  
Minor repairs are required on the gutters and downspouts at selective locations. All need to be inspected, cleaned, and renailed as required.
- 08301A\***      **Provide new attic access panels**  
New access panels will be required in the breezeways of the two-bedroom buildings to gain access to the attic after the installation of draftstops, as indicated in other items, which will separate the open attic spaces into more individual compartments.
- 08500A\***      **Replace windows and screens**  
**08501I\***      **Replace common area windows and screens**  
The majority of the existing aluminum double pane windows are damaged or allow air to infiltrate. A few have been replaced in the past but the bulk of the windows and screens need to be replaced.
- 09250A\***      **Repair/replace gypsum board walls and ceilings in apartments**  
**09251A\***      **Repair stipple ceiling finish**  
Drywall damage exists, a large portion of which is due to water leaks. The acoustical ceiling treatment on the ceilings is flaking in multiple locations.
- 09500A\***      **Replace carpet in apartments**  
**09650A\***      **Replace vinyl flooring in apartments**  
Substantial quantities of flooring need to be replaced. A portion of the vinyl flooring contains asbestos and should be removed as indicated in other remarks. Refer to ASBESTOS SURVEY for additional information.
- 09901E\***      **Exterior cleaning and painting of siding and exterior wood**  
**09902E\***      **Paint all exterior metal handrails**  
As indicated in other remarks, the exterior wood and siding is in relatively good condition. General exterior cleaning will suffice in some locations while other areas need painting. Wood required to be replaced will also need to be painted. All exterior metal rails will need to be prepared and painted as well.
- 10430E\***      **Provide handicap accessible parking space to comply with UFAS**  
An accessible parking space needs to be provided for each accessible apartment and Office. Refer to HANDICAP ACCESSIBILITY for additional information.

- 10431E\* Provide new building identification signage**  
Building identification signage, needed to assist emergency personnel in locating the appropriate apartment during times of need, should be provided.
- 11450A\* Replace stove**  
**11451A\* Replace refrigerator**  
**11452A\* Replace rangehoods**  
**11453A\* Replace garbage disposal**  
Approximately 60% of the stoves and 30% of the refrigerators were found to need replacing in the apartments inspected. All of the rangehoods and garbage disposals need to be replaced when the cabinets are replaced as indicated in other remarks.
- 12300A\* Replace kitchen base cabinets**  
**12301A\* Replace kitchen wall cabinets**  
**12302A\* Replace countertops**  
**15404A\* Replace kitchen sink and fittings**  
The cabinets were damaged or worn requiring replacement in all of the apartments inspected. New sinks are recommended at all new countertops because of problems inherent with installing old sinks in new surfaces.
- 13001A\* Modify apartments for handicap accessibility to comply with UFAS**  
**13002I\* Modify Comm. Rm for handicap accessibility to comply with UFAS**  
**13003I\* Modify Laundry Rm for handicap accessibility to comply w/ UFAS**  
**13004I\* Modify Office for handicap accessibility to comply with UFAS**  
**13005A\* Modify apts. for the hearing & vision impaired to comply w/ UFAS**  
Paradise Apartments currently has four dwelling units designated for those with physically disabilities all of which offer a good degree of accessibility. However, minor upgrades are required to be in compliance with the Uniform Federal Accessibility Standards (UFAS). All four designated apartments are located within one single-story structure. Modifications are required at only three of the units (5%); however, the modifications are recommended at all four. One apartment (2%) needs to be modified for the use of the hearing and/or vision impaired and can be accomplished in any unit throughout the development. Other common spaces need modifications as well. See HANDICAP ACCESSIBILITY for additional information.
- 13006I\* General upgrades to Community Room**  
The Community Room needs new lights, carpet, painting, and cabinets. One of the two restrooms needs to be put back into commission by

installing all new fixtures. See HANDICAP ACCESSIBILITY for other requirements.

**15001A\* Interior water line repair allowance**

Due to water stains found on drywall surfaces, leaking pipes should be anticipated. An allowance has been provided to account for these conditions.

**15401A\* Replace toilet**

**15402A\* Replace lavatory, vanity, and fittings**

**15403A\* Replace tub fittings**

Approximately 30% of the toilets need to be replaced due to age and abuse. The majority of the tub faucets need to be changed out due to age and difficulty of operation. New vanities, lavatories, and faucets need to be provided in all full and half baths.

**15405A\* Provide water heater drain pan**

**15406A\* Replace water heater**

Drain pans are required under water heaters where damage to the interior of the building may result if leaks occur. New drain pans with piping to the exterior is recommended at all apartments. See CODE REVIEW for additional information. Approximately 50% of the water heaters need to be replaced.

**15407A\* Replace water stops at plumbing fixtures**

The existing stops on virtually all plumbing fixtures are difficult to operate. Multiple stops do not allow for the water to be completely cut-off. New stops are recommended at all sinks, lavatories, and toilets.

**15750A\* Replace furnaces**

**15781I\* Replace condensing unit for Community Room**

**15782A\* Replace condensing unit for apartments**

**15783A\* Clean all ductwork and repair/replace/clean wall and floor grilles**

Approximately 60% of the furnaces and 50% of the condensing units providing heating and air-conditioning for the apartments need to be replaced several of which are due to replacement units not being compatible with the remaining components. Several HVAC grilles are missing or dirty. All grilles need to be replaced and/or cleaned. Ductwork needs to be cleaned as well.

**16131A\* Provide GFI receptacles in kitchens on dedicated circuits**

- 16132A\* Provide GFI receptacles in bathrooms on dedicated circuits**  
GFI receptacles were found in a portion of the bathrooms and kitchens but not all. New GFI receptacles on dedicated circuits will be required in the bathrooms and above kitchen counters that are more than 12" wide where they do not currently exist. See CODE REVIEW for additional information.
- 16721A\* Replace damaged, missing, or improperly installed smoke det.'s**  
**16722A\* Provide additional smoke detectors in bedrooms**  
Smoke detectors were found in the areas leading to the bedrooms as required with some needing to be replaced due to damage. Current codes require smoke detectors in the bedrooms as well. See CODE R

## RIDER 1 OF 10

## ENFORCEMENT

The Deed shall include the following provisions:

The covenants set forth in this Deed shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the Grantor and his successors in office.

The Grantor shall be entitled to (a) institute legal action to enforce performance and observance of these covenants, (b) enjoin any acts which are violative of these covenants, and (c) exercise any other legal or equitable right or remedy with respect to these covenants.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE

SECRETARY OF HOUSING AND URBAN DEVELOPMENT





## RIDER 2 OF 10

NONDISCRIMINATION AGAINST MULTIFAMILY SECTION 8 CERTIFICATE  
HOLDERS AND VOUCHER HOLDERS

The Deed shall include the following provisions:

Nondiscrimination

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for itself, its successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or Purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation (hereinafter referred to as Section 8). This provision is limited in its application, for tenants or applicants with Section 8 Certificates or their equivalent (other than Vouchers), to those units which rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

If the Grantee breaches this provision, HUD and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such provision and to enjoin any acts which are violative of such provision. For the purposes of this provision, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE

SECRETARY OF HOUSING AND URBAN DEVELOPMENT



## RIDER 3 OF 10

## AFFORDABILITY OF UNITS

The Deed shall include the following provisions:

Housing Assistance Payments (HAP) Applicable when checked:

☐ As long as the HAP contract is in effect, the HAP will control the rent and eligibility requirements for the residents under the HAP. If the HAP expires, terminates or is not renewed within the affordability term as specified below, the Affordability Rider will control future operations of the property. No resident in place at the time of enactment will be forced to vacate a unit.

Use Restriction (applicable if checked)

☒ The Grantee covenants that all units in the Property will be maintained as affordable housing for a period of twenty (20) years after the date of this Deed or such earlier time as the Grantor may specify in writing (the "Restricted Period"). Any change in this number of units must receive the prior written approval of the Grantor.

☐ The Grantee covenants that it will market affirmatively \_\_\_\_\_ of the units in the project to very low-income families, whose income at the time of initial occupancy does not exceed 50 percent of the area median income with adjustments for smaller or larger families.

Income Eligibility Limitation

The Grantee may only rent the number of units required to be affordable units to families who qualify as low-income and very low-income, as defined in Section 813 of the Housing Act of 1937, as amended, with adjustments for smaller and larger families.

(this paragraph applicable if checked)

☐ Of the total number of affordable units, \_\_\_\_\_ units may be targeted to families with annual incomes between 80 and percent of the area median income, with adjustments for smaller and larger families.

Maintenance of Rents at Affordable Levels

- By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of

2024015978

Asset Management

08:27:02 a.m.

09-30-2009

30 / 45

SEP-29-2009 10:22A FROM:OFFICE OF THE MAYOR 256-772-3828

TO: 912024015978P730

P.11/25

2024015978

Asset Management

Sale.

GRANTEE

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

## RIDER 4 OF 10

## POST-CLOSING REPAIR ESCROW REQUIREMENTS

The Deed shall include the following provisions:

1. Grantee covenants to complete required repairs within twenty-four (24) months of Closing. To ensure completion, the Grantee shall provide to HUD, at Closing, one of the following, as determined by HUD:

a. Unconditional, irrevocable and non-documentary Letter of Credit (LOC):

- (1) an unconditional, irrevocable and non-documentary Letter of Credit (LOC) in the amount of \$283,487, with an expiration date at least six (6) months beyond HUD's estimated date for completion of repairs. In the event an extension for completion of repairs is granted, the LOC will be extended accordingly. HUD may cash the LOC and apply the funds to correct latent defects in the completed repairs if the Grantee is unable or unwilling to make such repairs within the six month period, or for such purposes as HUD deems appropriate; or,
- (2) if repairs are performed in stages, as agreed between Grantee and HUD prior to Closing, up to five (5) LOCs may be provided to HUD. The first LOC will be equal to at least ten percent (10%) of the total estimated repair costs and such LOC shall remain in effect for a period of six (6) months after the work has been completed to HUD's satisfaction. If the Grantee is unable or unwilling to make such repairs within the six month period, HUD may cash this LOC and apply the funds to correct latent defects in the completed repairs, or for such purposes as HUD deems appropriate. The remaining LOCs provided to HUD will be in equal dollar amounts, the sum of which will equal the total required LOC amount specified in paragraph (1) less the first LOC detailed above. Each of these remaining LOCs will have an expiration date at least six (6) months beyond the estimated completion date for

repairs. The LOCs shall be returned to the Grantee after the repairs have been completed to HUD's satisfaction.


- b. Performance and payment bonds meeting State and local codes as assurance of completion for post-closing repair requirements, as listed on Form HUD-9552 and its exhibits, or form HUD 9822. Grantee must use HUD Form-92452 for the payment bond and a form for the performance bond that is acceptable to HUD.
    - (1) Evidence of the existence of payment and performance bonds each in the amount of \$1,133,946 [the total cost of repairs] must be provided to HUD.
    - (2) Grantee must follow the following requirements:
      - i. The surety entity issuing the bonds must be included on the accredited U.S. Treasury list, Circular 570, published annually in the Federal Register on or about July 1 of each year;
      - ii. The payment and performance bonds must not exceed limit listed in the Circular;
      - iii. The payment and performance bonds must show HUD as payee, along with Grantee's mortgagee, at the mortgagee's request.
  - a. A No Warranty Deed in the format prescribed by Grantor conveying all of the Grantee's right, title and interest in the property.
2. If the Grantee fails to complete repairs in accordance with this Agreement, the Secretary will not exercise the remedies as described in paragraph 1a, request payment on the bonds secured under paragraph 1b, above, or file the deed described in 1c, above, if any lender holding a lien or security interest on the Project:
- a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and

- b. Completes such repairs within 30 days of the notice or within such longer periods that HUD may approve in writing.

3. The Grantee covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth above.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE 

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

RIDER 5 OF 10  
RIGHT OF FIRST REFUSAL

All residents relocated by HUD are to be provided the opportunity to apply for re-admission to the property once the property is repaired, restored or otherwise becomes available for re-occupancy.

The Purchaser/owner is required to mail a "Right of First Refusal" notice (certified and regular mail) to the head of household's last known address. A listing of the households and their last known addresses will be provided to the Purchaser at closing. The Purchaser is required to inform the displaced households in writing, at least ninety (90) days prior to the expected dates the units will be ready for re-occupancy, that they have the Right of First Refusal to apply for re-admission to the rehabilitated units. In the Right of First Refusal notice:


- The family is to be offered the opportunity to apply for re-admission to a rehabilitated unit.
- The owner can require the head of household to provide written notice of intent to apply for re-admission to a unit in the property within forty-five (45) days of the Right of First Refusal notice.
- The notice must provide the date the unit is scheduled to be available for re-occupancy. Families that wish to return to the property must be given a minimum of sixty (60) days to move into the unit after the repairs have been completed. The notice must advise the family that they will lose this housing preference if they fail to respond to the owner's notice, or fail to re-occupy the unit within sixty (60) days after it is repaired, or indicates to the owner that they do not intend to return.
- The owner may offer an available comparable unit to a displaced family if the unit the family occupied before the relocation cannot be repaired, or if the repairs require a long period of time to complete. If the returning family accepts an alternate unit, the family is considered re-housed and is not eligible for additional unit transfer except in accordance with the owner's transfer policy.
- The owner is not expected to accommodate an extended family. Extended family for this purpose includes (or excludes) non-relatives or adults who were not residents or members of the household. Units may be rented to non-displaced households after all displaced households needing



that size unit have relocated back to the property, or have lost their housing preference.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER 

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

## RIDER 6 OF 10

## ASBESTOS HAZARDS

The Deed shall include the following provisions:

(1) Grantee agrees to indemnify defend, and hold Grantor harmless from any liability arising by reason of Grantee's failure to perform Grantee's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Grantee's responsibility for complying with applicable State and local asbestos laws and regulations.

(2) If Grantee fails to comply with (1), above, and no extension by written agreement has been granted by Grantor, Grantor and his successors in office shall be entitled to enter and terminate the estate hereby conveyed.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

## RIDER 7 OF 10

## CONVEYANCE TO NON-PUBLIC ENTITY

The Deed shall include the following provisions:

The Grantee covenants that the Property shall not be conveyed to a non-public entity (Transferee) except through a public disposition process consistent with the disposition procedures of the unit of general local government.

Prior to conveyance of the Property the Transferee must be approved by the Grantor under Grantor's Previous Participation Certification procedure.

The Transferee must also certify to Grantor that any other projects that are owned by the Transferee or its affiliates and are located in the City of Madison, Alabama are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes.

By initialing hereunder, the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

**RIDER 8 OF 10**

**EQUITY PARTICIPATION**  
**(Other than Homeownership)**

**The Deed shall include the following provisions:**

- (1) Definitions. As used in paragraphs 2 through 6 herein, the term:

"Grantee" or "Purchaser" shall mean the Grantee or Purchaser (as defined in section 1 of this Contract of Sale) or any of its successors, assigns or grantees for value;

"Sale" shall mean an event when the Grantee (Purchaser) sells, refinances, assigns, transfers or conveys the Property or any portion thereof, other than (1) for homeownership in accordance with this Contract of Sale, (2) to finance the cost of improvements or repairs to the Property in amounts approved by Grantor, or (3) to finance the renovation or new construction of rental units (including with tax credits, and whether for families, elderly or special populations) through conveyance to an "Owner Entity" that includes the Grantee (Purchaser) (or an affiliate of the Grantee (Purchaser)) as having a general partner interest or member interest in such Owner Entity; and

"Refinancing" shall include, without limitation, the placement of any indebtedness secured by the Property.

- (2) If Grantee (Purchaser) conducts a Sale, then the Sale proceeds, less any expenses incurred by the Grantee (Purchaser), as approved by Grantor, consisting of: (1) reasonable transaction costs; (2) purchase price paid by the Grantee (Purchaser) for the Property; (3) amounts previously paid by the Grantee (Purchaser) to the Grantor under paragraph 3 herein or (4) other of Grantee (Purchaser)'s costs (whether paid or incurred but not paid) related to construction of improvements, or renovation and rehabilitation, but not including (i) costs of routine maintenance and repairs, or (ii) costs funded by grants provided by the Grantor; shall be assigned to the Grantor in the following amounts:

- (a) between the date of this Deed and fifteen years from

the date of the Deed, one hundred (100) percent;

(b) between fifteen years, one day and twenty years from the date of this Deed, seventy-five (75) percent;

(c) between twenty years, one day and thirty years from the date of this Deed, fifty (50) percent; and


(d) over thirty years from the date of this Deed, zero (0) (this rider no longer applies).


- (3) If the Grantee (Purchaser) completes a Refinancing without approval in writing from Grantor, the proceeds from the Refinancing, less any expenses incurred by the Grantee (Purchaser) consisting of: (1) reasonable transaction costs; (2) any mortgage debt paid off in connection with the Refinancing; (3) costs paid or incurred by Grantee (Purchaser), as approved by Grantor, related to the construction of improvements, renovation and rehabilitation, but not including (i) costs of routine maintenance and repairs, or (ii) costs funded by grants provided by the Grantor; or (4) amounts previously paid by Grantee (Purchaser) to Grantor under this paragraph 3; shall be paid to the Grantor in the manner provided in subparagraphs 2(a) to 2(d) above.
- (4) The Grantee (Purchaser) shall keep or cause to be kept, accurate records of account of any Sale or Refinancing, and of the cost of the construction of improvements or renovation and rehabilitation. The Grantor, during normal working hours, shall have the right to enter and have free access to inspect all books and records of the Grantee (Purchaser) related to the Property. Upon the written request of the Grantor, but not more than annually, the Grantee (Purchaser) shall retain an independent certified public accountant who shall prepare an accounting of any Sale or Refinancing or of the cost of renovation or rehabilitation under the Redevelopment Plan.
- (5) The Grantor reserves the right to approve future conveyances of the Property, require conveyance by competitive procedures and to obtain an independent third party assessment of value from a licensed appraiser in order to determine that (1) proceeds derived from any Refinancing, or that (2) any Sale or other transaction conveying ownership of the Property, accurately reflects market value for the specified use of the Property at the time of conveyance. This

paragraph (5) shall not apply to: sales of individual homeownership units, the conveyance of any common areas or property to a homeowners' association or a similar common ownership entity, the grant of any utility easements or other necessary public easements, the dedication of public streets, alleys, ways, and curbs required as part of the redevelopment, the financing of improvements as approved by the Grantor if the Property is not developed for homeownership, or the leasing of any of the Property for ancillary activities undertaken to provide community services.

- (6) With respect to any transfer of the property to which Section 42(i)(7) of the Internal Revenue Code is applicable, no funds except for those funds in excess of the minimum purchase price as defined in said Section, less the amount allowed as deductions in paragraph (2) of this Rider shall be payable to HUD.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE (PURCHASER) 

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

## RIDER 9 OF 10

## Equity Participation for Homeownership Purchasers

The Deed shall include the following provisions:

1. If the Grantee or its successor or assign sells individual units at the Property to financially qualified former residents and other income qualified (annual income does not exceed 115 percent of Area Median Income) eligible purchasers ("Qualified Homebuyers") in accordance with the Redevelopment Plan the following provisions shall apply.
2. Grantee shall keep or cause to be kept, accurate records of account of the initial sale of each homeownership unit. Grantor, during Grantee's normal working hours, shall have the right to enter and have free access to inspect all books and records of Grantee related to the initial sale of each homeownership unit. Upon the written request of Grantor, but not more than annually, Grantee shall retain an independent certified public accountant who shall prepare an accounting of initial sales of homeownership units.
3. If a Qualified Homebuyer, or any subsequent Qualified Homebuyer, sells, assigns, or voluntarily transfers or conveys his or her unit, the Qualified Homebuyer may only retain Sale Proceeds in excess of what is defined as Sales Proceeds, as defined below, pursuant to the following calculation: for each year a Qualified Homebuyer remains an owner/occupant of his or her unit the Qualified Homebuyer may retain ten (10) percent per year of any Sales Proceeds above the Qualified Homebuyer's documented expenses, as defined in Sales Proceeds below. After ten (10) years of continued ownership/occupancy of a unit the Qualified Homebuyer may retain 100 percent of any Sales Proceeds.
4. In order to qualify for retention of any portion of the Sale Proceeds, the Qualified Homebuyer, or any subsequent Qualified Homebuyer, must use his or her unit as his or her primary residence.
5. "Sale Proceeds" are defined to be all amounts paid or obligations assumed by the new purchaser of a unit, who

must be a Qualified Homebuyer, except:

- a) reasonable transaction costs;
  - b) purchase price paid by the Qualified Homebuyer, or any subsequent Qualified Homebuyer, for the unit; and
  - c) costs incurred by the Qualified Homebuyer, or any subsequent Qualified Homebuyer, related to improvements, renovation and rehabilitation, but specifically excluding routine maintenance and repairs.
6. The Grantee may commission an independent appraisal to establish the market value of an interest being conveyed.
7. Grantee shall pay to Grantor one hundred percent (100%) of any Sale Proceeds which it shall recapture pursuant to paragraph 3 above. Grantor, during Grantee's normal working hours, shall have the right to enter and have free access to inspect all books and records of Grantee related to any sale proceeds which it recaptures.
8. For ten years after its initial purchase, any Qualified Homebuyer, its successors, assigns or grantees for value, shall obtain approval in writing from Grantee prior to refinancing its property, which includes without limitation, placing indebtedness secured by the property. If, after its initial purchase, any Qualified Homebuyer, its successors, assigns or grantees for value, refinances after having obtained approval in writing from Grantee, then the Qualified Homebuyer, its successors, assigns or grantees for value may retain the proceeds from the refinancing if such proceeds are to be used to improve the property, pay for educational expenses, or pay for costs related to illness, all as determined by Grantee. Consistent with paragraph 3 above. If any Qualified Homebuyer, its successors, assigns or grantees for value, seeks to use the proceeds from the refinancing for any purpose other than to improve the property, pay for educational expenses, or pay for costs related to illness (all as determined by Grantee), then it must also obtain Grantor's written approval for such use.
9. If, during the ten years from the date of the deed to the initial Qualified Homebuyer, any Qualified Homebuyer, its successors, assigns or grantees for value, refinances its



property without approval in writing from Grantee or Grantor, as applicable, then the proceeds from the refinancing, less any expenses incurred by the Qualified Homebuyer consisting of: (1) reasonable transaction costs, (2) any mortgage debt paid off in connection with the refinancing, (3) costs paid by the Qualified Homebuyer, as approved by Grantee, related to improvements, renovation and rehabilitation other than routine maintenance and repairs, or (4) amounts previously paid by the Qualified Homebuyer to Grantee under this paragraph 8, shall be paid to Grantee in the manner provided in paragraphs 3 and 4 above.

10. For ten years from the date of the deed to the initial Qualified Homebuyer, in the event of death of any Qualified Homebuyer and transfer of title to all or any part of a unit at the Property to an heir and/or devisee who would be a Qualified Homebuyer, such heir and/or devisee shall assume all obligations of the Qualified Homebuyer, and no payment to Grantee shall be required at that time. If the heir and/or devisee is not a Qualified Homebuyer, either:

a. the heir and/or devisee shall transfer the property to person who would be a Qualified Homebuyer within one hundred and eighty (180) days after acquiring title, and said person shall assume all obligations of the Qualified Homebuyer, and there shall be no payment to Grantee at that time, or

b. the transfer shall be treated as a sale and the heir and/or devisee shall pay the appropriate percentage of Sale Proceeds, as set forth in paragraph 3 above to Grantee.

11. If any Qualified Homebuyer sells, assigns, voluntarily transfers or conveys his or her unit for ten years from the date of the deed to the initial Qualified Homeowner, the sale, assignment, transfer or conveyance of the unit must be to another Qualified Homebuyer.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

GRANTEE 

SECRETARY OF HOUSING AND URBAN DEVELOPMENT 

Rider 10 of 10.

REDEVELOPMENT PLAN

The deed shall include the following provisions:

1. The Purchaser's redevelopment plan shall be generally consistent with the other provisions and riders of the Contract of Sale.
2. Purchaser may demolish all or a portion of the existing improvements and redevelop the property as a mixed income development of residential rental and /or homeownership units.
3. The Purchaser shall develop a final plan for the redevelopment of the Property within three (3) months after the date of this deed, which shall be subject to Seller's approval, such approval not to be unreasonably withheld. Seller will not unreasonably deny Purchaser's request for an extension of this deadline if Purchaser shows good cause.
4. If, subsequent to Seller's approval of a final plan for the redevelopment of Property, the Purchaser substantially changes such plan, Seller must approve a new or revised redevelopment plan prior to its implementation, such approval not to be unreasonably withheld. Any change to the final plan for redevelopment of the Property that affects use, ownership, occupancy, unit composition or the number of units shall also be subject to Seller's approval, such approval not to be unreasonably withheld.

By initialing hereunder the parties acknowledges that this rider is incorporated into and is a part of the Contract of Sale.

Grantee



SECRETARY OF HOUSING AND URBAN DEVELOPMENT

